

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

York Traditions Bank

Point of Contact:	Michael E. Kochenour	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1120	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,871,000	FDIC Certificate Number: (For Depository Institutions)	57377
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	York
Date Funded (first funding):	April 24, 2009	City:	York
Date Repaid ¹ :	N/A	State:	Pennsylvania

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

Increased portfolio loan balances \$33,071,000 or 20.8%, since acquiring CPP funds in April 2009.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Consumer, residential mortgage, commercial mortgage, commercial and small business.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

Purchased \$16,500,000 in mortgage-backed securities as a direct result of the CPP funds.

☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☐ **Reduce borrowings.**

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☐
Increase charge-offs.

☐
Purchase another financial institution or purchase assets from another financial institution.

☐
Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We were able to grow the Bank without having to raise additional capital. Since April 2009, our assets increased \$30.6 million or 14.2%. We remain well capitalized for regulatory purposes. In addition, the CPP funds provided an extra cushion for unknown future loan charge-offs during a very uncertain economic environment.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

During 2010, we opened our fourth branch office and successfully launched our residential mortgage division. The new branch deposits now exceed \$5 million. We originated \$57 million of residential mortgages for sale during 2010. Mainly due to these two initiatives we increased our workforce by 16 full time equivalents (38%).

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None.